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Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 IO-13 ISO-00 FEA-01 AGR-05
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02
AID-05 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01
SP-02 OMB-01 /112 W
----------081054Z 075339 /12
R 071300Z MAY 77
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 1501
USDEL MTN GENEVA
INFO USMISSION GENEVA
USMISSION EC BRUSSELS
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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EO 11652 NA
TAGS ETRD GATT MTN BR
SUBJECT: REPORTED BRAZILIAN ABSTENTION FROM TARIFF NEGOTIATIONS

1. SUMMARY. PRESS REPORTS THAT BRAZIL WILL NOT PARTICIPATE IN NEXT ROUND OF MTN TARIFF NEGOTIATIONS. FONMIN OFFICIAL DENIES REPORT AS TOTALLY FALSE AND UNFOUNDED. EMBASSY BELIEVES REPORT AT LEAST REFLECTS CURRENT FONMIN DISSATISFACTION WITH TARIFF NEGOTIATIONS.
END SUMMARY.

2. LEADING DAILY, "O ESTADO DE SAO PAULO" PUBLISHED ARTICLE ON MAY1 REPORTING THAT, BASED ON RECOMMENDATIONS OF THE FOREIGN MINISTRY AND FINANCE MINISTRY, PRESIDENT GEISEL HAD APPROVED BRAZILIAN ABSTENTION FROM PARTICIPATION IN MTN TARIFF NEGOTIATIONS DURING THE RESUMPTION OF THE MTN NEGOTIATIONS IN THE NEXT MONTHS, "IN ORDER NOT TO ASSUME ANY COMMITMENT CONCERNING CONCESSIONS,
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BOTH IN TERMS OF SECTORS AND PRODUCTS." BRAZIL , HOWEVER, WILL STILL PARTICIPATE IN THE OTHER NEGOTIATIONS, INCLUDING SUBSIDIES/CVDS, SAFEGUARDS, GOVERNMENT PROCUREMENT, AND GATT REFORM.

3. ARTICLE CONTINUES: "ACCORDING TO THE GUIDANCE APPROVED BY GEISEL, IF THE PROGRESS IN NEGOTIATIONS IN THE NORMATIVE AREA INDICATES

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AT A FUTURE DATE THE UTILITY OF DIRECT PARTICIPATION IN THE TARIFF NEGOTIATIONS IN DEFENSE OF BRAZILIAN INTERESTS, THE POSITION OF ABSTENTION WOULD BE REEXAMINED...BRAZIL'S REFUSAL TO PARTICIPATE DIRECTLY IN THE TARIFF NEGOTIATIONS IN ORDER TO AVOID NEW CONCESSIONS IS JUSTIFIED BY THE ARGUMENT THAT THERE ARE CERTAIN ITEMS IN THE NEXT ROUND CONSIDERED TO BE INCONSISTENT WITH BRAZILIAN TRADE INTERESTS...THE FOREIGN MINISTRY'S VIEW IS EVEN MORE PESSIMISTIC IN POINTING OUT THAT "THERE EXISTS NO CLEAR PICTURE OF BRAZILIAN INTERESTS IN SPECIFIC TERMS FOR EVENTUAL NEGOTIATIONS ON TARIFFS OR NON-TARIFF MEASURES, AS WELL AS IN NEGOTIATIONS ON SECTORS AND IN THE AGRICULTURAL AREA."

4. ACCORDING TO THE ARTICLE, THE FOREIGN MINISTRY POSITION, SUPPORTED BY THE FINANCE MINISTRY, IS THAT BRAZIL SHOULD INSIST ON THE APPLICATION, IN SPECIFIC TERMS OF THE PRINCIPLES OF THE TOKYO DECLARATION CONCERNING RELATIVE RECIPROCITY AND DIFFERENTIAL TREATMENT OF LDCS. BRAZIL WILL ALSO INSIST, IN THE GATT REFORM GROUP, ON NEW RULES FAVORING THE LDCS. BRAZIL WOULD DECIDE ON COMMITMENTS ONLY AT THE END OF THE NEGOTIATION PROCESS. THE TARIFF NEGOTIATIONS ENTAILED A LOSS OF RELATIVE ADVANTAGE GAINED FROM THE GSP. THEREFORE, THE GOVERNMENT CONSIDERED DISADVANTAGEIOUS AND EVEN INADMISSIBLE THE REDUCTION OF PROTECTION THROUGH TARIFFS OR THE COMPROMISING OF ITS FREEDOM TO MANIPULATE TARIFF INSTRUMENTS. THE GUIDELINES FOR THE BRAZILIAN DELEGATION, THEREFORE, STRESSED THE ELIMINATION OF NON-TARIFF BARRIERS , THE BASIC OBSTACLE TO BRAZIL'S EXPORTS, AND THE ELIMINATION OR SOFTENING OF ESCAPE CLAUSE PROVISIONS FOR LDCS.

5. ARTICLE CONCLUDES: "IT SOULD BE NOTED, HOWEVER, THAT THIS IS A LIMITED OFFICIAL USE

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PRELIMINARY POSITION, EVEN THOUGH IT CORRESPONDS TO A DEFINED ORIENTATION WHICH WILL BE FOLLOWED BY THE BRAZILIAN NEGOTIATORS. IN ANY EVENT, THE BRAZILIAN DELEGATION WILL FOLLOW THE TARIFF NEGOTIATIONS WITHOUT BECOMING DIRECTLY INVOLVED BECAUSE IT IS THE FOREIGN MINISTRY'S THINKING THAT WE SHOULD PARTICIPATE IN THE MTN WHICH CONCERN TOPICS OF UTMOST IMPORTANCE TO OUR FOREIGN TRADE RELATIONS AND, PARTICULARLY, OUR EXPORTS."

6. ECONOFF DISCUSSED ARTICLE WITH DEPUTY CHIEF (HUGUENEY) OF FONMIN'S TRADE POLICY DIVISION. HUGUENEY DENOUNCED REPORT AS TOTALLY FALSE AND SAID FONMIN WAS MAKING EVERY EFFORT TO DISCOVER SOURCE OF THIS "MISINFORMATION". HE SAID GOB FULLY INTENDED TO PARTICIPATE IN TARIFF AND OTHER MTN NEGOTIATIONS. HE ADDED THAT FONMIN WAS "VERY CONCERNED" ABOUT THIS ARTICLE, KNOWING THAT LOCAL EMBASSIES WOULD BE REPORTING IT TO THEIR CAPTIALS. HOWEVER, HE SAID FONMIN DID NOT PLAN TO ISSUE PUBLIC DENIAL.

7. COMMENT: WHILE EMBASSY HAS NO REASON TO DOUBT FONMIN'S DENIAL, "O ESTADO" IS ALSO WELL KNOW FOR ITS AUTHORITATIVE

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REPORTING. ALTHOUGH THE REPORTER DID NOT CITE HIS SOURCES, THE OFFICIAL ATTITUDES REFLECTED IN THE ATICLE ARE CONSISTENT WITH FONMIN EXPRESSIONS OF DISAPPOINTMENT OVER WHAT IT REGARDS AS SLOW PROGRESS IN THE MTN, SPECIFICALLY IN THE AREA OF OBTAINING WIDER DC RECOGNITION FOR THE GOB'S VIEW OF LDCS RIGHT TO NON-RECIPROCAL SPECIAL AND DIFFERENTIAL TREATMENT. EMBASSY WELCOMES USDEL MTN COMMENTS.
CRIMMINS

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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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Disposition Reason:
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Executive Order: N/A
Errors: N/A
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To: STATE MTN GENEVA
Type: TE
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